

No. 17-1252

IN THE
Supreme Court of the United States

B/E AEROSPACE, INC.,
Petitioner,

v.

C&D ZODIAC, INC.,
Respondent.

**On Petition for a Writ of Certiorari to the United
States Court of Appeals for the Federal Circuit**

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether, as this Court recently held in *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365 (2018), *inter partes* review—an adversarial process used by the Patent and Trademark Office to analyze the validity of existing patents—is consistent with the Constitution.

2. Whether the Patent Trial and Appeal Board correctly considered all of the evidence presented, including evidence of secondary considerations, before reaching its determination that petitioner's patent claims are obvious.

CORPORATE DISCLOSURE STATEMENT

All parent corporations and publicly held companies that own 10% or more of Respondent C&D Zodiac, Inc.'s stock are: Zodiac US Corporation; Zodiac Aerosafety Systems; Zodiac Aerospace S.A.; and Safran S.A.

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INTRODUCTION

Petitioner B/E Aerospace, Inc. (“B/E”) presents two questions. B/E waived both questions by failing to raise them in a timely manner. Moreover, this Court recently resolved the first question (against the position B/E advocates), and the second is neither implicated by the decisions below nor worthy of review.

B/E first asserts that *inter partes* review is unconstitutional. The Court recently considered the same question and determined that *inter partes* review violates neither Article III nor the Seventh Amendment of the Constitution. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018).

Second, B/E alleges that the Patent Trial and Appeal Board (“Board”) of the U.S. Patent and Trademark Office erred by conducting an improper “two-step” analysis in reaching its determination of obviousness. To begin with, B/E waived this argument by failing to assert it until its Federal Circuit reply brief. In any event, the argument is wrong. The Board analyzed and weighed all of the evidence, including evidence of secondary considerations, before reaching its determination of obviousness. The Court should reject B/E’s invitation to impose a rigid framework for weighing evidence of obviousness. Nothing compels reconsideration of the well-established law that the Board correctly stated and applied.

STATEMENT OF THE CASE

B/E is the owner of U.S. Patent No. 8,590,838 (“the ‘838 Patent”). Respondent C&D Zodiac, Inc. (“Zodiac”) filed a petition before the Board requesting *inter*

partes review of 33 claims of the '838 Patent. The Board instituted review of all of the challenged claims.

The Board's October 26, 2015 final written decision held 29 of the challenged claims unpatentable. Pet. App. 75. In its decision, the Board noted the Federal Circuit's repeated holdings that "evidence rising out of the so-called 'secondary considerations' must always when present be considered en route to a determination of obviousness." *Id.* at 64 (citations omitted). The Board did just that. After analyzing "all the evidence presented," including the evidence of secondary considerations that B/E proffered, the Board reached its ultimate determination of obviousness. *Id.* at 67.

B/E appealed the Board's decision to the U.S. Court of Appeals for the Federal Circuit. In its opening brief, B/E did not contend that the Board made any legal mistakes. Rather B/E disputed the Board's factual findings, arguing that the Board assigned insufficient weight to B/E's evidence of secondary considerations and on that basis reached the wrong conclusions. *See* Corrected Principal Brief of Appellant B/E Aerospace, at 52, Nos. 16-1496, 16-1497 (Fed. Cir. May 19, 2016) (arguing that "the objective indicia of nonobviousness is compelling and overwhelms any *prima facie* obviousness"). B/E switched gears in reply, alleging for the first time that the Board applied an improper two-step analysis by "reach[ing] its obviousness conclusion before even considering B/E's objective evidence." Response and Reply Brief of Appellant B/E Aerospace, at 31, Nos. 16-1496, 16-1497 (Fed. Cir. Nov. 10, 2016).

On October 3, 2017, the Federal Circuit affirmed the Board's decision in a non-precedential decision. Pet. App. 41.

B/E never challenged the constitutionality of *inter partes* review at any point prior to the Federal Circuit's decision on appeal. While B/E's appeal to the Federal Circuit was pending, this Court granted certiorari to determine the constitutionality of *inter partes* review in *Oil States*. B/E never referenced the then-pending *Oil States* petition for certiorari at any point in its briefing or during oral argument before the Federal Circuit.

B/E filed a petition for rehearing *en banc* in the Federal Circuit on November 2, 2017, raising for the first time the constitutionality of *inter partes* review and also alleging that the Board erred in its analysis of secondary considerations. See Appellant B/E Aerospace's Petition for Rehearing *En Banc*, at 2, Nos. 16-1496, 16-1497 (Fed. Cir. Nov. 2, 2017). On December 7, 2017, the Federal Circuit denied B/E's petition without comment and without requesting a response from Zodiac. Pet. App. 78.

The petition followed.

REASONS FOR DENYING THE PETITION

I. The Court's Decision in *Oil States* Resolved the First Question Presented.

B/E's petition states that "[t]his case presents the same question that this Court will resolve in *Oil States*: whether adversarial processes, such as IPR, used by the Patent and Trademark Office (PTO) to analyze the validity of issued patents, violate the Constitution by extinguishing private property rights through a non-Article III forum without a jury." Pet.

3. This Court has answered that question. On April 24, 2018, this Court decided *Oil States*, holding that “*inter partes* review does not violate Article III or the Seventh Amendment.” *Oil States*, 138 S. Ct. at 1379. Hence, B/E’s first question has been decided against B/E.

II. B/E Waived Both Questions Presented.

B/E waived and forfeited both of the questions presented in its petition by failing to timely raise either issue before the Board or the Federal Circuit.

B/E never challenged the constitutionality of *inter partes* review during the proceedings before the Board or at any point prior to the Federal Circuit’s decision on appeal. B/E raised this issue for the first and only time in its petition for rehearing *en banc* to the Federal Circuit. The Federal Circuit, however, does not address “new theor[ies] raised for the first time in [a] petition for rehearing.” *Pentax Corp. v. Robison*, 135 F.3d 760, 762 (Fed. Cir. 1998).

B/E also failed to preserve its argument that the Board improperly conducted a “two-step analysis” in reaching its determination of obviousness. B/E contended for the first time in its reply brief to the Federal Circuit that “the Board reached its obviousness conclusion before even considering B/E’s objective evidence” and that “[t]he Board incorrectly relegated the objective analysis to rebuttal evidence.” Response and Reply Brief of Appellant B/E Aerospace, at 31, Nos. 16-1496, 16-1497 (Fed. Cir. Nov. 10, 2016). As will be explained below in Part III.A, B/E’s characterization of the Board’s analysis is wrong. But even if it were accurate, B/E forfeited its argument by raising it for the first time in reply. Federal Circuit

“law is well established that arguments not raised in the opening brief are waived.” *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006) (citing *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1320-21 n.3 (Fed. Cir. 2005)). The Federal Circuit did not address B/E’s untimely argument in its non-precedential decision and denied B/E’s petition for rehearing *en banc*.

B/E’s belated arguments did not warrant rehearing by the Federal Circuit and do not warrant review by this Court. This Court is one “of review, not of first view.” *Cutter v. Wilkinson*, 544 U.S. 709, 718 n.7 (2005). Accordingly, this Court’s traditional rule “precludes a grant of certiorari . . . when the question presented was not pressed or passed upon below.” *United States v. Williams*, 504 U.S. 36, 41 (1992) (quotation marks omitted). “It is not the Court’s usual practice to adjudicate either legal or predicate factual questions in the first instance,” *CRST Van Expedited, Inc. v. EEOC*, 136 S. Ct. 1642, 1653-54 (2016), and there is no compelling reason to deviate from that practice here.

III. The Second Question is Not Implicated By the Decisions Below, Nor Does It Warrant Review.

A. The Board and Federal Circuit Did Not Conduct a “Two-Step” Obviousness Analysis as B/E Alleges.

B/E contends that “the PTAB and the Federal Circuit both inappropriately considered obviousness as part of a two-step process, failing to give due regard to objective indicia of non-obviousness.” Pet. 15. But contrary to B/E’s contention, neither the Board nor

the Federal Circuit conducted the “two-step” analysis that B/E describes by treating secondary considerations as rebuttal evidence. Rather, the Board weighed all of the evidence, including evidence of secondary considerations, before reaching the ultimate determination of obviousness. And the Federal Circuit affirmed, finding no error in the Board’s analysis or conclusions. This case does not present the second question that B/E asks this Court to decide.

The Board repeated Federal Circuit law that “evidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.” Pet. App. 65 (quoting *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1349 (Fed. Cir. 2012), and *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983)). The Board followed that principle by conducting a detailed analysis of B/E’s proffered evidence of industry praise, copying, and commercial success. Pet. App. 64-67. Only after analyzing B/E’s secondary considerations did the Board reach its determination of obviousness:

Considering *all the evidence presented*, including the strong evidence of obviousness in view of Betts, the moderate evidence of industry praise, and the weak evidence of copying and commercial success, we determine that [the challenged] claims . . . would have been obvious . . . to a person of ordinary skill in the art.

Pet. App. 67 (emphasis added).

The Federal Circuit agreed with the Board's analysis in which it "weighed the 'strong evidence of obviousness' in view of Betts against the 'moderate' evidence of industry praise and the 'weak' evidence of copying and commercial success *before concluding* that the claims would have been obvious over Betts when combined with the knowledge of an ordinarily skilled artisan." Pet. App. 37 (emphasis added). The Federal Circuit affirmed, finding "no error in the Board's ultimate determination of obviousness." *Id.*

Neither the Board nor the Federal Circuit reached a determination that the claims were obvious until after weighing all of the evidence, including evidence of secondary considerations. B/E's contention that the Board and Federal Circuit reached a determination of obviousness before considering secondary considerations is simply wrong. The Board did not relegate secondary considerations to a subsidiary role in its analysis.

By weighing evidence of secondary considerations on an equal footing with the other *Graham* factors, the Board's analysis was consistent with the framework that B/E asks this Court to impose. The Federal Circuit thus did not commit the error that B/E attributes to it, and as a result the petition is an inadequate vehicle for addressing the legal question that B/E asks this Court to resolve.

B. The Board and Federal Circuit Applied Correctly-Stated and Well-Settled Law.

Even if it were properly raised, the second question does not warrant this Court's review. The framework for determining whether a patent claim is obvious under 35 U.S.C. § 103 is well-settled and was stated

correctly by the Board. “In assessing obviousness, ‘the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.’” Pet. App. 54 (quoting *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)). “Additionally, secondary considerations such as ‘commercial success, long felt but unsolved needs, failure of others, etc. might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.’” Pet. App. 54-55 (quoting *Graham*, 383 U.S. at 17-18). The *Graham* framework has been in place over 50 years.

Unable to contest that the Board laid out the correct framework, B/E argues (Pet. 8) that the Board erred by giving secondary considerations “less weight” than the other *Graham* factors. But the assertion of a misapplication of properly-stated obviousness law does not warrant review. Nor do B/E’s complaints (Pet. 16) about the Board’s factual findings regarding B/E’s evidence. *See* S. Ct. R. 10 (“A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law.”).

B/E argues (Pet. 8-11) that the Federal Circuit’s *en banc* decision¹ in *Apple v. Samsung* reflects a split within the circuit that has resulted in some panels placing too little weight on secondary considerations. But that decision did not break new ground regarding

¹ B/E references (Pet. 9) a concurrence in *Apple v. Samsung*, but there was no concurring opinion in that case.

obviousness. Much like this case, the court noted that “no party . . . invited this court to consider changing the existing law of obviousness.” *Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1039 (Fed. Cir. 2016) (*en banc*). The court thus explained that it “applied existing obviousness law to the facts of this case.” *Id.* The parties’ real dispute was with the court’s subsidiary factual determinations. Reviewing those factual determinations, the court concluded that there was no motivation to combine references, so any discussion of secondary considerations was dicta. *Id.* at 1067 (Prost, C.J., dissenting) (“Given the majority’s conclusion . . . that there was no motivation to combine references in this case, there is no reason for the majority to go on to opine on the question of secondary considerations at all—that discussion is arguably dicta.”). This Court denied Samsung’s petition for certiorari seeking review of the Federal Circuit’s obviousness analysis. *Samsung Elecs., Co., Ltd. v. Apple, Inc.*, 138 S. Ct. 420 (2017).

Here B/E urges the Court to step in and impose a requirement that secondary considerations be considered “on an equal footing” and “at the same time and manner” as other evidence pertaining to obviousness. Pet. 9, 11-12. This is precisely how the Board conducted the inquiry in this case. To the extent that B/E is suggesting that the Board cannot label the prior art finding “*prima facie*,” B/E proposes a far too rigid framework be imposed on the Board. This Court has stressed that the obviousness inquiry is “expansive and flexible” and has eschewed rigid approaches such as that advanced by B/E here. *KSR Intern. Co. v. Teleflex Inc.*, 550 U.S. 398, 415 (2007). More specifically, the Court has rejected any requirement that the *Graham* factors be considered in

a particular manner, stating that “the sequence of these questions might be reordered in any particular case.” *Id.* at 407. “*Graham* set forth a broad inquiry and invited courts, where appropriate, to look at any secondary considerations that would prove instructive.” *Id.* at 415. The Board did just that, following this Court’s instructions in *Graham* and *KSR* by analyzing and weighing all of the evidence, including secondary considerations, before determining whether the claims were obvious. The Federal Circuit correctly affirmed.

There is no error in weighing the evidence of obviousness against the evidence of non-obviousness in reaching an ultimate determination. Indeed, under *Graham* and *KSR*, weighing the evidence for and against obviousness is necessary. B/E argues (Pet. 9) that it is improper for a court to make a *prima facie* determination of obviousness and then balance that evidence of obviousness against the evidence of secondary considerations. B/E labels this an improper “two-step” analysis. But B/E’s complaint is semantic rather than substantive. In its own briefing to the Federal Circuit, B/E repeatedly used the “*prima facie*” terminology that B/E now argues was error. *E.g.*, Corrected Principal Brief of Appellant B/E Aerospace, at 52, Nos. 16-1496, 16-1497 (Fed. Cir. May 19, 2016) (“Even had there been a *prima facie* showing of obviousness based on Betts . . . the objective evidence confirms that the ’838 patent’s inventions would not have been obvious.”); *id.* at 52 (“Here, the objective indicia of nonobviousness is compelling and overwhelms any *prima facie* obviousness”); *id.* at 60 (“If this substantial evidence is ‘moderate,’ it is hard to contemplate praise that would suffice to overcome any *prima facie* obviousness

determination.”). Both the Board and Federal Circuit simply followed this Court’s guidance by weighing the evidence for and against obviousness in reaching an ultimate determination.

B/E cites Federal Circuit and district court decisions as allegedly applying “an improper, two-step obviousness approach.” Pet. 13-14 n.2. But properly understood, those cases do not improperly shift the burden to prove validity to a patent owner. Rather, those cases explain that the burden shifts to the patent owner to produce evidence of secondary considerations after a challenger makes a sufficient initial showing of obviousness.² There is no dispute that the burden to prove obviousness by a preponderance of the evidence remains on the party asserting invalidity. 35 U.S.C. § 316(e) (“In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”).

Finally, there was nothing remarkable about the Board and Federal Circuit’s determinations that B/E’s evidence of secondary considerations was entitled to little weight. Indeed, as noted in Chief Judge Prost’s dissenting opinion in *Apple v. Samsung*, “secondary considerations take on less importance when there is little doubt as to obviousness.” *Apple v. Samsung*, 839 F.3d at 1063-64 (citing *Dow Chem. Co. v. Halliburton Oil Well Cementing Co.*, 324 U.S. 320 (1945), and

² See, e.g., *Bayer Pharma AG v. Watson Labs., Inc.*, 183 F. Supp. 3d 579, 589 (D. Del. 2016) (“[O]nce a prima facie case of obviousness has been established, the burden then shifts to the applicant to present evidence of secondary considerations . . .”).

Goodyear Tire & Rubber Co. v. Ray-O-Vac Co., 321 U.S. 275 (1944)). This Court has long held that secondary considerations may be entitled to little weight in the analysis of obviousness: “The Court of Appeals and the respondent both lean heavily on evidence that this device filled a long-felt want and has enjoyed commercial success. But commercial success without invention will not make patentability.” *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 153 (1950); see *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 278 (1976) (same); *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 567 (1949) (similar). *Graham* and *KSR* also held that the secondary considerations were not sufficient to overcome the strong prior art showing. See *Graham*, 383 U.S. at 36 (holding that secondary considerations “do not, in the circumstances of this case, tip the scales of patentability”); *KSR*, 550 U.S. at 426 (concluding that “Teleflex has shown no secondary factors to dislodge the determination that [the claim] is obvious”).

The Federal Circuit’s decision to consider all relevant evidence, including evidence of secondary considerations, adheres to this Court’s precedent. B/E’s dispute with the court’s fact-bound analysis of secondary considerations is not worthy of review.

CONCLUSION

For the foregoing reasons, the Court should deny the petition for a writ of certiorari.

Respectfully submitted.

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